
Water and Sewer Authority

FY 2002 Proposed Operating Budget: \$244,978,000
 FY 2002 Proposed Capital Budget: \$152,114,000

The Water and Sewer Authority delivers reliable potable water and wastewater collection services to the residents of the District of Columbia, and wastewater treatment services that are essential for public health and safety for the District. Limited services are also provided for portions of Prince George's and Montgomery Counties in Maryland and Fairfax and Loudoun Counties in Virginia.

The FY 2002 proposed operating budget is \$244,978,000, an increase of \$14,364,000, or 6.2 percent, over the FY 2001 approved budget of \$230,614,000.

Budget Summary

The FY 2002 proposed operating budget for all funding sources for the Water and Sewer Authority (WASA) is \$244,978,000, an increase of \$14,364,000, or 6.2 percent, over the FY 2001 approved budget of \$230,614,000 due primarily to increased debt service and the District's right-of-way fee (table LA0-1). The sole source of funding for the agency is O-type revenue.

The FY 2002 proposed capital budget is \$152,114,000.

- Continue implementation of the Authority's Internal Improvement Plan at the Blue Plains Wastewater Treatment Plant and in the Department of Customer Service, which will result in \$24 million in annual savings and the reduction of 228 positions when fully applied over an 8-year period.
- Enhance the Authority's safety programs.

The FY 2002 proposed capital budget for all programs is \$152,114,000, an increase of \$11,389,000, or 7 percent, over the FY 2001 approved budget.

FY 2002 Initiatives

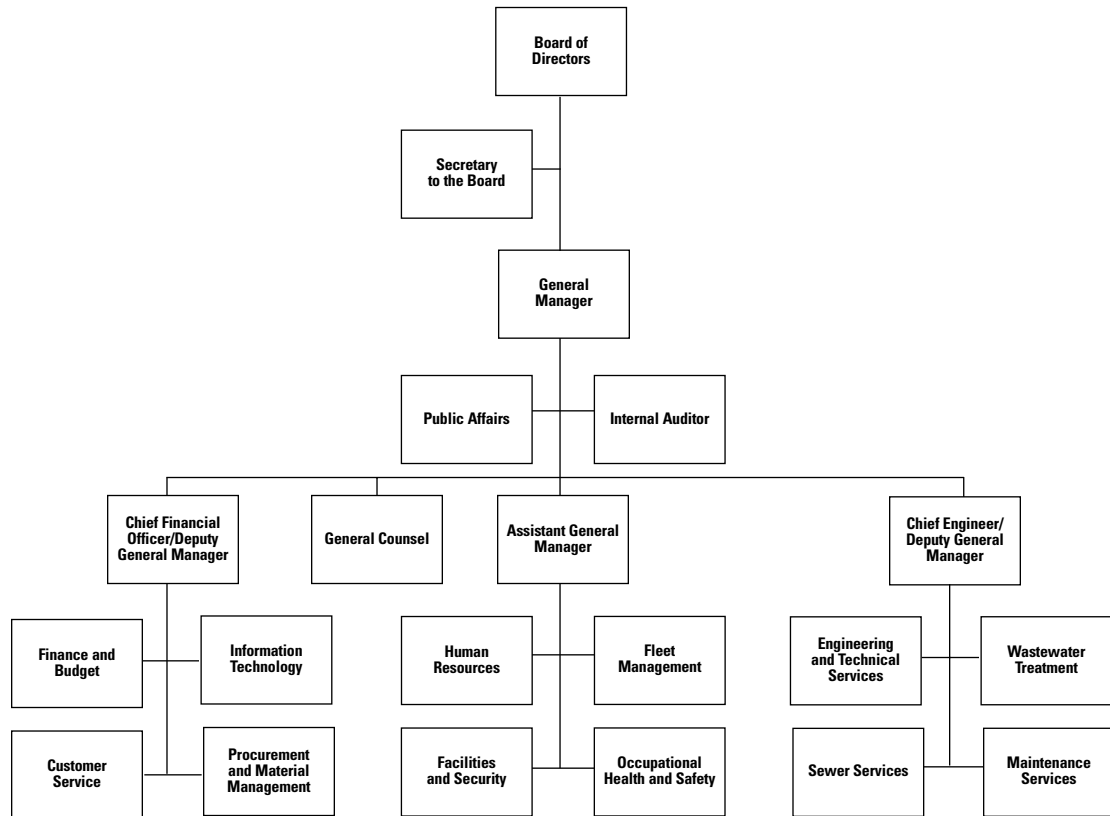
In FY 2001, as the first step in the implementation of its Internal Improvement Program, the Authority eliminated 35 vacant positions. In FY 2002, it will eliminate an additional 20 positions. The Authority will continue implementation of key metering programs including large meter testing and the comprehensive meter change-out/automated meter-reading programs begun in FY 2001. These programs are critical to improving the Authority's sold/pumped ratio.

Strategic Issues

- Improve service to customers through organizational improvements (as outlined in the agency's Customer Service Internal Improvement Plan) and through technology and metering improvements.
- Execute the Authority's \$1.6 billion capital improvement program.

Figure LA0-1

Water and Sewer Authority



WASA will also continue its investment in technology including development of:

- An information system that will allow customers to access account information and to pay bills over the internet.
- A maintenance management and fleet-management system.
- Web-site enhancement.
- A process/control system to substantially enhance the operations of the Blue Plains Wastewater Treatment Plant (critical to achieving the Internal Improvement Plan savings goals).

Other endeavors include:

- Begin stormwater administration activities in conjunction with the Department of Health and Public Works. (See discussion in Stormwater chapter.)

- Develop the commercial paper program to provide for interim financing of the \$1.6 billion capital improvement program.
- Continue strong relationships with the bond-rating agencies (Moody's, S&P, and Fitch) and capital markets, building on the success of the Authority's recent rating upgrades to A1/A/A+.

Agency Background

WASA, created in October 1996 as an independent regional authority, has achieved all of the major financial goals set by its board of directors. The agency is a self-funded enterprise fund and is a component unit of the District of Columbia (figure LA0-1).

Upon passage of legislation in Congress (expected in 2001), the Authority will assume the responsibility of serving as administrator of the

Table LA0-1

FY 2002 Proposed Operating Budget, by Comptroller Source Group

(Dollars in Thousands)

Water and Sewer Utility Administration

	Actual FY 2000	Approved FY 2001	Proposed FY 2002	Change from FY 2001
Regular Pay - Cont. Full Time	50,475	54,457	55,004	547
Regular Pay - Other	141	0	0	0
Additional Gross Pay	3,312	5,927	5,876	-51
Fringe Benefits	9,474	11,429	10,670	-759
<i>Subtotal Personal Services (PS)</i>	<i>63,402</i>	<i>71,813</i>	<i>71,550</i>	<i>(263)</i>
Supplies and Materials	11,377	16,979	14,867	-2,112
Utilities	20,376	18,744	17,964	-780
Other Services and Charges	52,330	53,141	61,561	8,420
Subsidies and Transfers	25,543	27,793	33,859	6,066
Equipment and Equipment Rental-	833	641	933	292
Debt Services and Others	18,616	41,503	44,244	2,741
<i>Subtotal Nonpersonal Services (NPS)</i>	<i>129,076</i>	<i>158,801</i>	<i>173,428</i>	<i>14,627</i>
Total Proposed Operating Budget	192,478	230,614	244,978	14,364

District's stormwater permit management activities, in coordination with the District's Department of Public Works and Department of Health. In FY 2002, a separate fund is established to provide for the financial management of these activities.

Programs

WASA is an independent, multijurisdictional utility that provides essential retail water and wastewater services to more than 500,000 residents and businesses in the District of Columbia (figure LA0-1). It also provides wholesale wastewater conveyance and treatment services to approximately 1.6 million residents in Prince George's and Montgomery Counties, Maryland, and Fairfax and Loudoun Counties, Virginia.

WASA is governed by an 11-member board of directors, including 6 members from the District of Columbia and 5 members from Prince George's and Montgomery Counties in Maryland and Fairfax County, Virginia. The Authority's proposed FY 2002 operating budget totals

\$244,978,000 and reflects total staffing of 1,289 authorized positions. There will be a reduction of 55 positions over the next 2 years from the FY 2001 authorized levels.

Funding Summary

WASA receives all of its funding from Other (O-Type) revenue sources, with all expenditures in the current budget proposal funded by user fees.

The increase of \$14,364,000 is primarily due to increased debt service costs as the Authority implements its \$1.6 billion capital improvement program and for the District's right-of-way fee. In addition, the FY 2001 and FY 2002 budgets include increased biosolids hauling costs due to the demolition of existing digesters at Blue Plains which will ultimately result in substantial operating savings and also include funding of new street repair and restoration requirements. Refer to the FY 2002 Operating Appendices (bound separately) for details.

Table LA0-2

FY 2002 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Water and Sewer Authority

	Actual FY 1998	Actual FY 1999	Actual FY 2000	Approved FY 2001	Proposed FY 2002
Federal	766	0	0	0	0
Other	204,281	181,768	189,676	230,614	244,978
Intra-District	5,197	2,556	2,803	0	0
Gross Funds	210,245	184,324	192,478	230,614	244,978

Table LA0-3

FY 2002 Proposed Revenue, by Source

(dollars in thousands)

Water and Sewer Authority

	Actual FY 1998	Actual FY 1999	Actual FY 2000	Approved FY 2001	Proposed FY 2002
Retail	188,006	177,521	175,042	179,909	194,239
Wholesale	45,999	46,942	47,000	45,500	45,955
Other	9,004	14,946	15,655	14,481	14,076
Total	243,009	239,409	237,697	239,890	254,270

Table LA0-4

FY 2002 Proposed Capital Authority Request, by Program Area

(Dollars in Thousands)

Water and Sewer Authority

	Proposed FY 2002
Blue Plains Wastewater Treatment	52,600
Sewer Collection System	11,148
Combined Sewer System	109
Stormwater	118
Water System	77,957
Washington Aqueduct	0
Capital Equipment	10,182
Total	152,114

Capital Improvements

The Water and Sewer Authority is responsible for maintaining and operating the water distribution system, sanitary and combined sewage systems, and the world's largest advanced wastewater treatment plant, Blue Plains. WASA's ten-year \$1.6 billion capital improvements program will help WASA meet its key goals of providing the best service possible to its retail and wholesale customers, reducing long-term operating costs, and meeting regulatory requirements. The FY 2002 Capital Authority request totals \$152,114,000 for seven programs (table LA0-4). Refer to the FY 2002 Capital Appendices (bound separately) for details.

Trend Data

Table LA0-2 and LA0-3 show expenditure and revenue history for FY 1998–FY 2002.

Agency Goals and Performance Measures

Goal 1. Provide the highest quality service to our customers.

Citywide Strategic Priority Areas: Promoting economic development; Making government work

Manager: Paul Bender, Chief Financial Officer

Supervisor: Jerry Johnson, General Manager

Performance measure 1.1: Percentage of meter-reading accuracy

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	99.9	99.9	99.9	99.9	99.9
Actual	99.9	99.9	—	—	—

Performance measure 1.2: Percentage of all calls answered within two minutes

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	97.0	97.0	97.0	97.0	97.0
Actual	88.5	87.0	—	—	—

Performance Measure 1.3: Number of days to resolve correspondence

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	30	30	30	30	30
Actual	57	45	—	—	—

Goal 2. Provide reliable, high-quality drinking water to customers.

Citywide Strategic Priority Areas: Strengthening children, youth, families, and individuals;

Building and sustaining healthy neighborhoods; Promoting economic development

Manager: Michael Marcotte, Chief Engineer

Supervisor: Jerry Johnson, General Manager

Performance Measure 2.1: Percentage of time that drinking water complies with EPA quality requirements

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	100	100	100	100	100
Actual	100	100	—	—	—

Performance Measure 2.2: Number of distribution system miles that are flushed

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	NA	600	600	600	600
Actual	NA	600	—	—	—

Performance Measure 2.3: Percentage of water main breaks that receive an initial response within 45 minutes

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	NA	100.0	100.0	100.0	100.0
Actual	NA	99.5	—	—	—

Performance Measure 2.4: Percentage of water main breaks that are repaired within 10 days

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	NA	100.0	100.0	100.0	100.0
Actual	NA	99.5	—	—	—

Goal 3. Provide high-quality wastewater treatment services to customers.

Citywide Strategic Priority Areas: Strengthening children, youth, families, and individuals;

Building and sustaining healthy neighborhoods; Promoting economic development

Manager: Michael Marcotte, Chief Engineer

Supervisor: Jerry Johnson, General Manager

Performance Measure 3.1: Percentage of time that the agency fully complies with the requirements of the EPA permit addressing the operation and maintenance of wastewater systems

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	100	100	100	100	100
Actual	100	100	—	—	—

Goal 4. Ensure that WASA's financial performance meets the expectations of the board of directors, customers, and the broader financial community.

Citywide Strategic Priority Areas: Promoting economic development; Making government work

Manager: Paul Bender, Chief Financial Officer

Supervisor: Jerry Johnson, General Manager

Performance Measure 4.1: Percentage of senior debt service coverage

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	140	140	140	140	140
Actual	140	411	—	—	—

Performance Measure 4.2: Amount of operating cash reserves maintained for 180 days worth of operating and maintenance (O&M) expenses (\$ in millions)

	Fiscal Year				
	1999	2000	2001	2002	2003
Target	90.0	90.0	90.0	90.0	90.0
Actual	147.4	156.6	—	—	—